

1 PUBLIC PROTECTION CABINET

2 KENTUCKY HORSE RACING COMMISSION

3 Amended Administrative Regulation

4 811 KAR 2:060. Pari-mutuel wagering.

5 RELATES TO: KRS 230.210-230.375, 230.990

6 STATUTORY AUTHORITY: KRS 230.215, 230.240, 230.260, 230.280, 230.290, 230.300, 230.310,

7 230.320, 230.361, 230.370

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.215(2) grants the commission the authority

9 to regulate conditions under which quarter horse, appaloosa and arabian racing and pari-mutuel

10 wagering thereon shall be conducted in Kentucky. KRS 230.361(1) requires the authority to

11 promulgate administrative regulations governing and regulating mutuel wagering on horse races

12 under the pari-mutuel system of wagering. This administrative regulation establishes the

13 requirements for the operation of pari-mutuel wagering under KRS Chapter 230 and 811 KAR,

14 Chapter 2.

15 Section 1. Pari-mutuel system of wagering required. (1) The only wagering permitted on a

16 live or historical horse race shall be under the pari-mutuel system of wagering. All systems of

17 wagering other than pari-mutuel shall be prohibited. Any person participating or attempting to

18 participate in prohibited wagering shall be ejected and excluded from association grounds.

19 (2) Wagering conducted in conformity with KRS Chapter 230 and these administrative

20 regulations is pari-mutuel.

1 Section 2. Totalizator or other approved equipment required. (1) Pari-mutuel wagering
2 on live and historical horse races shall only be conducted through the use of a totalizator or
3 other similar mechanical equipment approved by the commission pursuant to KRS 230.361.
4 The commission shall not require any particular make of equipment.

5 (2) The totalizator or other mechanical equipment shall be available for testing under the
6 supervision of the commission upon request to ensure its proper working order.

7 Section 3. Wagering on an historical horse race authorized. (1) Wagering on an
8 historical horse race is hereby authorized and may be conducted in accordance with KRS
9 Chapter 230 and these administrative regulations.

10 (2) Wagering on an historical horse race shall only be conducted by (a) an association
11 licensed to conduct a live horse race meet or (b) two or more associations licensed to conduct a
12 live horse race meet who form a joint venture or otherwise pursuant to an agreement between
13 them.

14 (3) Wagering on an historical horse race shall only be permitted in a designated area on
15 the licensed premises of an association licensed to conduct a live horse race meeting. Wagering
16 on historical horse racing shall not be offered in any other location.

17 (4) An association may conduct wagering on historical horse races of any horse breed
18 regardless of the type of breed that primarily races in live meets conducted by the association.
19 An association may conduct wagering on historical races on any days and hours approved by
20 the commission, and shall not be limited to times during which the association is conducting a
21 live horse race meeting.

22 (5) Any wager placed on an historical horse race is an exotic wager.

1 (6) Before offering wagering on an historical horse race, an association shall first obtain
2 the commission's written approval of all wagers offered as set forth in 811 KAR 2:160.

3 (7) All wagering on an historical horse race shall incorporate the following elements:

4 (a) A patron may only wager on an historical horse race on a terminal approved by the
5 commission;

6 (b) An association shall at all times maintain at least two terminals offering each type of
7 exotic wager on an historical horse race;

8 (c) Once a patron deposits the wagered amount in the terminal offering wagering on an
9 historical horse race, an historical horse race shall be chosen at random;

10 (d) Prior to the patron making his or her wager selections, the terminal shall not display
11 any information that would allow the patron to identify the historical race on which he or she is
12 wagering, including the location of the race, the date on which the race was run, the names of
13 the horses in the race, or the names of the jockeys that rode the horses in the race;

14 (e) The terminal shall make available true and accurate past performance information
15 on the historical horse race to the patron prior to making his or her wager selections. The
16 information shall be current as of the day the historical horse race was actually run. The
17 information provided to the patron shall be displayed on the terminal in data or graphical form;
18 and

19 (f) After a patron finalizes his or her wager selections, the terminal shall display a video
20 replay of the race, or a portion thereof, and the official results of the race. The identity of the
21 race shall be revealed to the patron after the patron has placed his or her wager.

1 Section 4. Payouts only out of pari-mutuel pools: seed pools required. (1)(a) A wager on
2 an historical horse race, less deductions permitted by KRS Chapter 230 or these administrative
3 regulations, shall be placed in pari-mutuel pools approved by the commission.

4 (b) A payout to a winning patron shall be paid from money wagered by patrons and
5 shall not constitute a wager against the association.

6 (c) An association conducting wagering on an historical horse race shall not conduct
7 wagering in such a manner that patrons are wagering against the association, or in such a
8 manner that the amount retained by the association as a commission is dependent upon the
9 outcome of any particular race or the success of any particular wager.

10 (2) An association shall only pay a winning wager on an historical horse race out of the
11 applicable pari-mutuel pool and shall not pay a winning wager out of the association's funds. In
12 no event shall payment of a winning wager exceed the amount available in the applicable pari-
13 mutuel pool.

14 (3) An association offering wagering on an historical horse race shall operate seed pools
15 in a manner and method approved by the commission. For each wager made, an association
16 may assign a percentage of the wager to seed pools. The seed pools shall be maintained and
17 funded so that the amount available at any given time is sufficient to ensure that a patron will
18 be paid the minimum amount required on a winning wager.

19 (4) An association shall provide the funding for the initial seed pool for each type of
20 exotic wager. The funding for the initial seed pool shall be non-refundable and in an amount

1 sufficient to ensure that a patron will be paid the minimum amount required on a winning
2 wager.

3 Section 5. Location of terminals used for wagering on an historical horse race.

4 (1) Terminals offering wagering on historical horse races shall be located within
5 designated areas which have the prior written approval of the commission. Designated areas
6 shall be established in such a way as to control access by the general public and prevent entry
7 by any patron who is under eighteen (18) years of age or is otherwise not permitted to place
8 wagers on an historical horse race.

9 (2) Each association shall be responsible for monitoring persons entering and leaving
10 the designated areas and shall be responsible for preventing access to any patron who is under
11 eighteen (18) years of age or is otherwise not permitted to place wagers on historical horse
12 races.

13 (3) Each association shall provide terminals that are accessible to handicapped patrons.

14 Section 6. Records to be maintained. (1) Each association and each simulcast facility
15 authorized under KRS 230.380 shall maintain complete records of all pari-mutuel wagering
16 transactions on live and historical horse races, including the amounts wagered at each betting
17 window, self-service totalizator, mobile pari-mutuel teller, and terminal.

18 (2) A copy of the wagering records shall be retained and safeguarded for a period of not
19 less than two (2) years and shall not be destroyed without the prior written permission of the
20 commission.

1 Section 7. Equipment. (1) The association and the totalizator provider shall install a
2 primary and secondary device, which activate the stop betting function of the totalizator
3 system. The chief state steward, or his or her designee, shall use the primary device to stop
4 wagering at the start of the race. In the event that wagering is not stopped by the primary
5 device at the start of the race, the totalizator operator shall stop wagering using the secondary
6 device. The secondary device shall be installed in the totalizator room and shall only be used by
7 the totalizator operator.

8 (2) If there is a complete breakdown of the totalizator or mechanical equipment during
9 the wagering on a live horse race, the wagering on that race shall be declared closed. If the
10 totalizator remains capable of computing payouts, the payouts for that race shall be computed
11 based on the amounts wagered prior to the breakdown. If the totalizator is incapable of
12 computing payouts, then refunds shall be issued for all amounts wagered on that race.

13 (3) If there is a complete breakdown of a terminal offering wagering on an historical
14 horse race, the association offering the wager shall make a full refund of the patron's balance on
15 the terminal at the time of the breakdown.

16 Section 8. Entries in a live horse race. (1) The chief state steward shall timely advise an
17 association's pari-mutuel manager, prior to the beginning of wagering on each race, of the
18 horses that will compete in the race.

19 (2) If two (2) or more horses entered for the same live horse race are determined by the
20 commission to have common ties through ownership or training they may be joined by the
21 commission as a mutuel entry. The mutuel entry shall become a single betting interest and a
22 wager on one (1) horse in a mutuel entry shall be a wager on all horses in the same mutuel

1 entry. If the number of horses competing in a live horse race exceeds the numbering capacity of
2 the totalizator, the racing secretary shall assign the highest pari-mutuel numbers to horses so
3 that the highest numbered horse within the numbering capacity of the totalizator together with
4 horses of higher numbers, shall be grouped in the mutuel field as a single betting interest, and a
5 wager on one (1) horse in the mutuel field shall be a wager on all horses in the same mutuel
6 field.

7 (3) A refund at cost value shall be made to all holders of a purchased ticket bearing the
8 number of a horse in any race that has been scratched or withdrawn before the horse has
9 become a starter, unless the horse is part of a mutuel entry, and one (1) or more of the entry
10 starts.

11 Section 9. Sale of pari-mutuel tickets on live horse races. (1) The following types of pari-
12 mutuel wagering shall be permitted on a live horse race at all licensed associations and
13 simulcast facilities:

14 (a) Normal win, place, and show wagers on each race;

15 (b) Any exotic wager previously approved by the commission; and

16 (c) Any new exotic wager approved in writing by the commission.

17 (2) Pari-mutuel tickets on live horse races shall not be sold except by a licensed
18 association or a simulcast facility authorized by KRS 230.380.

19 (3) Pari-mutuel tickets on a live horse race shall only be sold at regular ticket windows,
20 self-service totalizator machines, by mobile pari-mutuel tellers with hand-held totalizator devices,
21 or by any other method approved in writing by the commission prior to being offered to the
22 public. At least one regular ticket window shall be made accessible to handicapped patrons.

1 (4)(a) Pari-mutuel stored value cards or cash vouchers may be offered by an
2 association. The dollar amount on the stored value card or cash voucher may be redeemed at
3 any time at any regular ticket window or used to fund additional wagers.

4 (b) Cash vouchers shall be valid for one (1) year after the date of issuance. Failure to
5 present any cash voucher for redemption within one (1) year of issuance shall constitute a waiver
6 of the right to receive payment thereon.

7 (5) No pari-mutuel wager shall be made on a race after the totalizator has been locked
8 for that race.

9 (6) Any claim by a patron that he or she has been issued a pari-mutuel ticket other than
10 that which was requested shall be made before the patron has left the ticket window or before
11 the mobile teller has initiated a transaction with another patron. No claims for incorrect tickets
12 will be honored after the totalizator has been locked.

13 Section 10. Payment on pari-mutuel tickets on live horse races. (1) At the end of each
14 race, the placing judges shall advise the manager of the pari-mutuel department by the use of
15 the totalizator equipment or by telephone of the official placement of the horses, and no
16 payouts shall be made until the receipt of the notice.

17 (2) Payment of valid pari-mutuel tickets shall be made on the basis of the order of finish as
18 declared "official" by the stewards. A subsequent change in the order of finish or award of purse
19 money that may result from a subsequent ruling by the stewards or commission shall not affect
20 the pari-mutuel payout.

1 (3) Each association shall deduct from each pari-mutuel pool a commission, not exceeding
2 the commission provided by KRS 230.3615. The remainder of the pool after the deduction of the
3 commission shall be the net pool for distribution as payouts to ticket holders.

4 (4) Payment on valid pari-mutuel tickets shall be made only if presented and surrendered
5 within one (1) year following the running of the live horse race on which the wager was made.
6 Failure to present any such ticket within one (1) year shall constitute a waiver of the right to
7 receive payment thereon

8 (5) The association shall be responsible for the correctness of all payout prices posted as
9 "official." If an error is made in posting the payout figures, and ascertained before any tickets are
10 cashed thereon, the posting error shall be corrected, accompanied by a public address
11 announcement, and only the correct amounts shall be used in the payout, irrespective of the
12 initial error.

13 (6) A mutilated pari-mutuel ticket that is not easily identifiable as being a valid ticket
14 shall not be accepted for payment.

15 (7) An association shall establish a written procedure for granting patrons an
16 opportunity to file a claim on a lost pari-mutuel ticket and provide a copy to the commission.

17 (8) Prior to posting payouts, the association's pari-mutuel manager shall require the
18 verification of the winning runners and prices prior to posting official results.

19 (9)(a) If an error is made in calculating the payout on a winning wager, resulting in
20 overpayment, the association shall be responsible for the amount between the correct payout
21 and the amount paid.

1 **(b) If the error in calculation results in a payout being too low, the amount between the**
2 **correct payout and the amount paid shall be added to the net pool of the same position in the**
3 **following race on the same day or, if it is the last race of the day, then it shall be added to the**
4 **net pool of the same position in the same race on the following day. If an error occurs in**
5 **computing the daily double pool, the underpayment shall be added to the daily double pool of**
6 **the following day.**

7 **(c) If an error occurs causing underpayment on the last race of the entire racing**
8 **meeting, the amount of the underpayment shall be paid to the Kentucky Revenue Cabinet.**

9 **Section 11. Minimum wagers and payouts. (1) The minimum wager to be accepted by any**
10 **licensed association on a live horse race shall be ten cents (\$0.10). The minimum payout on a one**
11 **dollar (\$1) wager on a live horse race shall be one dollars and ten cents (\$1.10), unless a minus**
12 **pool occurs. If a minus pool occurs, the minimum payout for a one dollar (\$1) wager shall be one**
13 **dollar and five cents (\$1.05).**

14 **(2) The minimum wager to be accepted by any licensed association on an historical horse**
15 **race shall be ten cents (\$0.10). The minimum payout on any wager shall not be less than the**
16 **amount wagered.**

17 **Section 12. Minors prohibited from wagering. A minor shall not be permitted by any**
18 **licensed association or simulcast facility to purchase or cash a pari-mutuel ticket.**

19 **Section 13. Odds and payouts posted. (1) Approximate odds for live horse races, based on**
20 **win pool betting for finishing first for each betting interest, shall be posted on one (1) or more**
21 **boards or television screens within view of the wagering public at intervals of not more than**
22 **ninety (90) seconds.**

1 (2) If daily double wagering is conducted on a live horse race, before off-time of the
2 second daily double race, the probable payout for each two dollar (\$2) daily double wager
3 combining the winner of the first daily double race with every horse or betting interest in the
4 second daily double race shall be posted; except that if a dead heat for first in the first daily
5 double race occurs, or a scheduled starter in the second daily double race is excused so as to
6 cause a consolation daily double pool, then posting of all possible payouts shall not be
7 mandatory, but the association shall make every effort to compute such daily double prices and
8 advise the public by posting or public address announcement as soon as possible and prior to the
9 running of the second daily double race.

10 (3) For wagering on an historical horse race, approximate odds or payouts for each
11 wagering pool shall be posted on each terminal for viewing by patrons at intervals of no more
12 than ninety (90) seconds.

13 Section 14. Betting explanation. (1) Each association shall publish in the daily race
14 program, for each day of live horse racing, a general explanation of pari-mutuel wagering offered
15 on live horse races and an explanation of each type of betting pool offered. The explanation also
16 shall be posted in conspicuous places about the association grounds to adequately inform the
17 public and shall be submitted to the commission prior to publication for approval.

18 (2) Each association shall post, in conspicuous places in the designated area, a general
19 explanation of pari-mutuel wagering offered on historical horse races and an explanation of each
20 betting pool offered. The explanation shall be submitted to the commission for approval prior to
21 its posting.

1 Section 15. Prior approval required for number of live horse races. Each association
2 desiring to conduct more than nine (9) live horse races on a single day shall first apply in writing
3 to the commission and obtain specific approval of the number of live horse races to be offered on
4 a single day.

5 Section 16. Pools dependent upon entries for live horse races. (1) If horses representing
6 five (5) or fewer betting interests qualify to start in a live horse race, the association may prohibit
7 show wagering on that race. If horses representing four (4) or fewer betting interests qualify to
8 start in a live horse race, the association may prohibit both place and show wagering on that race.

9 (2) If a horse is scratched by the stewards after wagering has commenced or a horse is
10 prevented from running in a live horse race because of failure of a starting-gate door to open
11 properly, and the number of actual starters representing different betting interests is:

12 (a) Reduced to five (5), the association may cancel show wagering on that race and the
13 entire show pool shall be refunded upon presentation and surrender of show tickets; or

14 (b) Reduced to four (4) or fewer, the association may cancel both place and show
15 wagering on that race and the entire place and show pool shall be refunded upon presentation
16 and surrender of place and show tickets.

17 Section 17. Emergency Situation. If any emergency arises in connection with the
18 operation of the pari-mutuel department not provided for by this administrative regulation, the
19 pari-mutuel manager shall take immediate corrective action and shall by the quickest means
20 possible notify the chief state steward and render a full report to the commission.

1 Section 18. Severability. In the event that any provision or administrative regulation of
2 this chapter is found to be invalid, the remaining provisions of this chapter shall not be affected
3 nor diminished thereby.

4 [RELATES TO: KRS 230.610-230.770]

5 STATUTORY AUTHORITY: KRS 13A.010 et seq.

6 ~~NECESSITY, FUNCTION, AND CONFORMITY: To regulate conditions under which quarter horse,~~
7 ~~appaloosa and Arabian racing shall be conducted in Kentucky. The function of this administrative~~
8 ~~regulation is to outline the requirements for the operation of pari-mutuel wagering.~~

9 -

10 ~~Section 1. Pari-mutuel System of Wagering Required. With the approval of the~~
11 ~~commission, each association licensed to conduct racing in this state may permit wagering on~~
12 ~~races conducted by such association on the grounds of such association; an association may~~
13 ~~accept wagers on races conducted elsewhere by another association. All such permitted wagering~~
14 ~~shall be under the pari-mutuel system, employing an electric totalizator approved by the~~
15 ~~commission. All systems of wagering other than pari-mutuel, such as bookmaking and auction-~~
16 ~~pool selling, are prohibited and any person participating or attempting to participate in prohibited~~
17 ~~wagering shall be ejected or excluded from association grounds.~~

18 ~~Section 2. Totalizator Required. Each association shall install and operate during its race~~
19 ~~meeting an electric totalizator approved by the commission. Such totalizator shall be tested daily~~
20 ~~under the supervision of the commission to insure its proper working order.~~

21 ~~Section 3. Records to be Maintained. The pari-mutuel manager shall maintain complete~~
22 ~~records of all wagering so the commission may upon review ascertain for any race: the opening~~

1 line and subsequent odds fluctuations, the amount, and at which window, wagers were placed on
2 any betting interest, and such other information as the commission may from time to time
3 require. A copy of such wagering records shall be retained by each association and safeguarded
4 for a period not less than two (2) years and may not be destroyed without permission of the
5 commission.

6 ~~Section 4. Calculation and Distribution of Pools. The only pari-mutuel wagering pools~~
7 ~~permitted in this state shall be for win, place, show, daily double, exacta, trifecta, twin trifecta,~~
8 ~~and quinella, each with separate and independent calculation and distribution. From each pool~~
9 ~~there shall be deducted by each association the commission as provided by KRS 138.515, with the~~
10 ~~remainder being the net pool for distribution as payoffs to ticket holders as follows;~~

11 ~~(1) Win pool. The amount wagered on the horse or betting interest which finished first is~~
12 ~~deducted from the net pool, the balance remaining being the profit; the profit is divided by the~~
13 ~~amount wagered on the horse or betting interest finishing first, such quotient being the profit per~~
14 ~~dollar wagered to win; payoff includes return of amount wagered and profit thereon.~~

15 ~~(a) In the event of a dead heat for first involving horses of two (2) different betting~~
16 ~~interests, the win pool is distributed as if a place pool; if involving horses of three (3) different~~
17 ~~betting interests, the win pool is distributed as if a show pool.~~

18 ~~(b) In the event no win ticket is sold on the horse which finishes first, the net in pool is~~
19 ~~distributed to holders of win tickets on the horse finishing second.~~

20 ~~(2) Place pool. The amounts wagered to place on the first two (2) horses to finish are~~
21 ~~deducted from the net pool to determine the profit; the profit is divided into two (2) equal~~
22 ~~amounts; one half (1/2) of the profit is divided by the amount wagered to place on the first~~

1 finisher, such quotient being the profit per dollar wagered to place on the first finisher; and one-
2 half (1/2) of the profit is divided by the amount wagered to place on the second finisher, such
3 quotient being the profit per dollar wagered to place of such second finisher; payoffs include
4 return of amount wagered and profit thereon as to each of the first two (2) finishers.

5 ~~—— (a) In the event of a dead heat for first: between horses representing the same betting~~
6 ~~interest, the place pool is distributed as if a win pool; if between horses representing two (2)~~
7 ~~different betting interests, the place pool is distributed as if one (1) betting interest finished first~~
8 ~~and the other finished second; if between horses representing three (3) different betting~~
9 ~~interests, the place pool is distributed as if a show pool.~~

10 ~~—— (b) In the event of a dead heat for second: between horses representing the same betting~~
11 ~~interest, the place pool is distributed as if no dead heat occurred; if between horses representing~~
12 ~~two (2) or more different betting interests, the profit is divided in half, with one half (1/2)~~
13 ~~allocated for wagers to place on the horse which finished first, and other half divided equally so~~
14 ~~as to allocate one fourth (1/4) of the profit on the net place pool for wagers to place on each of~~
15 ~~two (2) horses finishing in a dead heat for second, or one sixth (1/6) of the profit for wagers to~~
16 ~~place on each of three (3) horses finishing in a dead heat for second.~~

17 ~~—— (c) In the event the first and second finishers comprise a single betting interest, the place~~
18 ~~pool is distributed as if a win pool.~~

19 ~~—— (d) In the event no place ticket is sold on a horse which finishes first or second, then the~~
20 ~~horse which finished third shall replace that horse in the distribution of wagers in the place pool.~~

21 ~~—— (3) Show pool. The amounts wagered to show on the first three (3) horses to finish are~~
22 ~~deducted from the net pool to determine the profit; the profit is divided into three (3) equal~~

amounts; one-third (1/3) of the profit is divided by the amount wagered to show on the first finisher, such quotient being the profit is divided by the amount wagered to show on the second finisher, such quotient being the profit per dollar wagered to show on such second finisher; and one-third (1/3) of the profit is divided by the amount wagered to show on the third finisher, such quotient being the profit per dollar wagered to show on such third finisher; payoffs include return of amount wagered and profit thereon as to each of the first three (3) finishers.

—— (a) In the event of a dead heat for first: between two (2) horses involving different betting interests, or three (3) horses involving three (3) different betting interests, the show pool is distributed as if no dead heat occurred; if between two (2) horses involving the same betting interest two-thirds (2/3) of the profit is allocated to wagers to show on the coupled betting interest, and one-third (1/3) allocated to wagers to show on the other horse among the first three (3) finishers; if between three (3) horses involving one (1) betting interest, the show pool is distributed as if a win pool.

—— (b) In the event of a dead heat for second: between two (2) horses involving two (2) different betting interests, the show pool is distributed as if no dead heat occurred; if between horses involving the same betting interest, two-thirds (2/3) of the profit shall be allocated to wagers to show on the coupled betting interest, and one-third (1/3) allocated to wagers to show on the horse finishing first; if between three (3) horses involving two (2) or three (3) betting interests, one-third (1/3) of the profit is allocated to wagers to show on the horse finishing first, and the remaining two-thirds (2/3) of the profit is divided equally by the number of betting interests finishing in a dead heat for second for proportionate distribution on wagers to show for each such betting interest finishing in a dead heat for second.

1 ~~—— (c) In the event of a dead heat for third: between horses involving the same betting~~
2 ~~interests, the show pool is distributed as if no dead heat occurred; if between horses involving~~
3 ~~two (2) or more betting interests, two-thirds (2/3) of the profit shall be allocated to wagers to~~
4 ~~show on the first two (2) finishers, and the remaining one-third (1/3) is divided equally by the~~
5 ~~number of betting interests finishing in a dead heat for third for proportionate distribution on~~
6 ~~wagers to show for each such betting interest finishing in a dead heat for third.~~

7 ~~—— (d) In the event the first three (3) horses to finish comprise one (1) betting interest, the~~
8 ~~show pool shall be distributed as a win pool. In the event two (2) horses coupled as a single~~
9 ~~betting interest finish first and second, or first and third, or second and third, two-thirds (2/3) of~~
10 ~~the profit shall be allocated to wagers to show on the other horse among the first three (3)~~
11 ~~finishers.~~

12 ~~—— (e) In the event one (1) horse coupled in the betting by reason of being in the mutuel field~~
13 ~~or part of a mutuel entry finishes first or second, and another horse included in the same betting~~
14 ~~interest finishes in a dead heat for third, one-half (1/2) of the profit in the show pool shall be~~
15 ~~allocated to wagers on such field or entry, one-third (1/3) of the profit in the show pool shall be~~
16 ~~allocated to wagers on the horse finishing first or second, and the remaining one-sixth (1/6) of~~
17 ~~such profit shall be allocated to wagers on the horse finishing in a dead heat for third with such~~
18 ~~field or entry.~~

19 ~~—— (f) In the event only two (2) horses finish, the show pool, if any, shall be distributed as if a~~
20 ~~place pool; if only one (1) horse finishes, the place and show pools, if any, shall be distributed as if~~
21 ~~a win pool; if no horse finishes, all money wagered on such race shall be refunded upon~~
22 ~~presentation and surrender of pari-mutuel tickets sold thereon. In the event no show ticket is~~

1 sold on a horse which finishes first, or second, or third, then, the horse which finished fourth shall
2 replace that horse in the distribution of wagers in the show pool.

3 ~~—— (4) Daily double pool. The amount wagered on the winning combination, such being the~~
4 ~~horse or betting interest which finishes first in the first daily double race, is deducted from the net~~
5 ~~pool to determine the profit; the profit is divided by the amount wagered on the winning~~
6 ~~combination, such quotient being the profit per dollar wagered on the winning daily double~~
7 ~~combination; payoff includes the amount wagered and profit thereon.~~

8 ~~—— (a) In the event of a dead heat for first involving two (2) different betting interests, in one~~
9 ~~(1) of the two (2) daily double races, the daily double pool is distributed as if a place pool, with~~
10 ~~half the profit allocated to wagers combining the single winner of one (1) daily double race and~~
11 ~~one (1) of the betting interests involved in the dead heat in the other daily double race, with the~~
12 ~~other half of the profit allocated to wagers combining the single winner of one (1) daily double~~
13 ~~race and the other betting interest involved in the dead heat in the other daily double race.~~

14 ~~—— (b) In the event of dead heats for first involving different betting interests in each of the~~
15 ~~daily double races, resulting in four (4), or six (6), or nine (9), winning combinations for~~
16 ~~proportionate allocation for each such winning daily double wager.~~

17 ~~—— (c) In the event no daily double ticket is sold combining the horse or betting interest which~~
18 ~~finishes first in one (1) of the daily double races, the daily double pool is distributed as if win pool~~
19 ~~with the profit allocated to wagering combinations which include the horse or betting interest~~
20 ~~which finished first in one (1) of the daily double races.~~

21 ~~—— (d) In the event no daily double ticket is sold combining the horses or betting interests~~
22 ~~which finished first in both the first and second race of the daily double, then the winning~~

~~combination for distribution of the daily double profit shall be that combining the horses or betting interests which finished second in each of the daily double races.~~

~~———— (e) If after daily double wagering has commenced and a horse not coupled with another as a betting interest in the first race of the daily double is excused by the stewards or is prevented from racing because of failure of the starting gate to open properly, then daily double wagers combining such horse shall be deducted from the daily double pool and refunded upon presentation and surrender of daily double tickets thereon.~~

~~———— (f) If, prior to closing of the daily double wagering, a scheduled starter in the second half of the daily double which is not coupled in the betting with another horse is excused by the stewards, then daily double wagers combining such horse shall be deducted from the daily double pool and refunded upon presentation and surrender of daily double tickets thereon.~~

~~———— (g) If after the first race of the daily double has been run, and a horse not coupled with another as a betting interest in the second race of the daily double is excused by the stewards or prevented from racing because of failure of the starting gate door to open properly, then daily double wagers combining the winner of the first daily double race with such horses prevented from racing in the second daily double race shall be allocated consolation payoffs:~~

~~———— 1. Consolation daily double payoffs shall be determined by dividing the net daily double pool by the amount wagered combining the winner of the first daily double race with every horse or betting interest scheduled to start in the second daily double race, such quotient being the consolation payoff per dollar wagered combining the winner of the first daily double race with such horse prevented from racing in the second daily double race;~~

1 ~~2. Such consolation payoffs shall be deducted from the net daily double pool before~~
2 ~~calculation and allocation of wagers on the winning daily double combination.~~

3 ~~(h) If for any reason the first daily double race is cancelled or declared "no race" by the~~
4 ~~stewards, then the entire daily double pool shall be refunded upon presentation and surrender of~~
5 ~~daily double tickets thereon. If for any reason the second daily double race is cancelled or~~
6 ~~declared "no race" by the stewards after the first daily double race is declared official, then the~~
7 ~~net daily double pool shall be distributed to wagering combinations which include the horse or~~
8 ~~betting interest which finished first in the first daily double race.~~

9 ~~(i) If no daily double ticket is sold requiring distribution, then the entire daily double pool~~
10 ~~shall be refunded upon presentation and surrender of daily double tickets thereon.~~

11 ~~(5) Quinella pool. The amount wagered on the winning combination, such being the first~~
12 ~~two (2) finishers irrespective of which horse finishes first and which horse finishes second, is~~
13 ~~deducted from the net pool to determine the profit; the profit is divided by the amount wagered~~
14 ~~on the winning combination, such quotient being the profit per dollar wagered on the winning~~
15 ~~quinella combination; payoff includes the amount wagered and profit thereon.~~

16 ~~(a) In the event of a dead heat for first: between horses involving two (2) different betting~~
17 ~~interests, the net quinella pool is distributed as if no dead heat occurred; if between horses~~
18 ~~involving three (3) different betting interests, the net quinella pool is distributed as if a show pool~~
19 ~~and is allocated to wagers combining any of the three (3) horses finishing in a dead heat for first.~~

20 ~~(b) In the event of a dead heat for second: between horses involving two (2) different~~
21 ~~betting interests, the net quinella pool is distributed as if a place pool and is allocated to wagers~~
22 ~~combining the first finisher with either horse finishing in a dead heat for second; if between~~

1 ~~horses involving three (3) different betting interests, the net quinella pool is distributed as if a~~
2 ~~show pool, and allocated to wagers combining the first horse with each of the three (3) horses~~
3 ~~finishing in a dead heat for second;~~

4 ~~—— (c) In the event horses representing a single betting interest finish first and second, the~~
5 ~~net quinella pool shall be allocated to wagers combining such single betting interest with the~~
6 ~~horse or betting interest which finishes third.~~

7 ~~—— (d) In the event no quinella ticket is sold combining:~~

8 ~~—— 1. The first finisher with one (1) of the horses finishing in a dead heat for second, then the~~
9 ~~net quinella pool is allocated to wagers combining the first finisher with the other horse finishing~~
10 ~~in a dead heat for second;~~

11 ~~—— 2. The first finisher with either of the horses finishing in a dead heat for second, then the~~
12 ~~net quinella pool is allocated to wagers combining the two (2) horses which finished in the dead~~
13 ~~heat for second;~~

14 ~~—— 3. The first finisher with either of the horses finishing in a dead heat for second, or~~
15 ~~combining the two (2) horses which finished in a dead heat for second, then the net quinella pool~~
16 ~~is distributed as if a show pool and is allocated to wagers combining any of the first three (3)~~
17 ~~finishers with any other horses;~~

18 ~~—— 4. The first two (2) finishers, then the net quinella pool shall be distributed as if a place~~
19 ~~pool and is allocated to wagers combining the first finisher with any other horses, and wagers~~
20 ~~combining the second finisher with any other horse;~~

21 ~~—— 5. Horses or betting interest as would require distribution, then the entire quinella pool~~
22 ~~shall be refunded upon presentation and surrender of quinella tickets thereon;~~

1 ~~—— (6) Exacta pool. The exacta pool is a contract by the purchaser of a ticket combining two~~
2 ~~(2) horses in a single race, selecting the two (2) horses that will subsequently finish first and~~
3 ~~second in that race. Payment of the ticket shall be made only to the purchaser who has selected~~
4 ~~the same order of finish as officially posted.~~

5 ~~—— (a) The exacta is not a "parlay" and has no connection with or relation to the win, place~~
6 ~~and show betting and will be calculated as an entirely separate pool.~~

7 ~~—— (b) If no ticket is sold on the winning combination of an exacta pool, the net pool shall be~~
8 ~~distributed equally between holders of tickets selecting the winning horse to finish first and/or~~
9 ~~holders of tickets selecting the second place horse to finish second.~~

10 ~~—— (c) If no ticket is sold that would require distribution of an exacta pool to winner as above~~
11 ~~defined, the association shall make a complete and full refund of exacta pool.~~

12 ~~—— (d) In case of a dead heat between two (2) horses for first place, the net exacta pool shall~~
13 ~~be calculated and distributed as a place pool to holders of tickets of the winning combinations. In~~
14 ~~case of a dead heat between two (2) horses for second place, the exacta pool shall be figured as a~~
15 ~~place pool, the holders of tickets combining the winning horse and the two (2) horses finishing~~
16 ~~second participating in the payoff.~~

17 ~~—— (e) In the event of a dead heat for second place, if no ticket is sold on one (1) of the two~~
18 ~~(2) winning combinations, the entire net pool shall be calculated as a win pool and distributed to~~
19 ~~those holding tickets on the other winning combination. If no tickets combine the winning horse~~
20 ~~with either of the place horses in the dead heat, the exacta pool shall be calculated and~~
21 ~~distributed as a place pool to holders of tickets representing any interest in the net pool.~~

1 ~~—— (f) In the event of an entry finishing first and second, the net exacta pool shall be~~
2 ~~distributed to holders of tickets selecting the entry to win combined with the horse finishing~~
3 ~~third.~~

4 ~~—— (7) Trifecta pool. The trifecta is a contract by the purchaser of a ticket combining three (3)~~
5 ~~horses in a single race, selecting the three (3) horses that will subsequently finish first, second and~~
6 ~~third in that race. Payment of the ticket shall be made only to the purchaser who has selected the~~
7 ~~same order of finish as officially posted.~~

8 ~~—— (a) The trifecta is not a parlay and has no connection with or relation to the win, place and~~
9 ~~show betting and will be calculated as an entirely separate pool.~~

10 ~~—— (b) If no ticket is sold on the winning combination of a trifecta pool, the net pool shall be~~
11 ~~distributed to the holders of tickets selecting the win and place finishers in that order. If no ticket~~
12 ~~is sold combining the win and place finish, the net pool will be distributed to the holders of tickets~~
13 ~~selecting the winner.~~

14 ~~—— (c) If no ticket is sold that would require distribution of the net trifecta pool to a winner as~~
15 ~~above defined, the association shall make a full refund of the trifecta pool.~~

16 ~~—— (d) In the event of a dead heat or dead heats, all trifecta tickets selecting the correct order~~
17 ~~of finish, counting a horse in a dead heat as finishing in either position dead heated, shall be~~
18 ~~winning tickets. The payoff will be calculated as a place pool.~~

19 ~~—— (e) No entries or field horses shall be allowed in any race that the trifecta is being sold.~~

20 ~~—— (f) For the purpose of trifecta wagering the trifecta race shall be drawn to consist of eight~~
21 ~~(8) starters and four (4) also-eligibles.~~

1 ~~—— (8) Twin Trifecta. The twin trifecta is a form of pari-mutuel wagering. It is not a parlay and~~
2 ~~has no connection with or relation to any other pari-mutuel pools made and conducted by an~~
3 ~~association nor is the twin trifecta connected with or related to any win, place and show pools~~
4 ~~shown on the totalizator board, nor is it governed by any division rules pertaining to the~~
5 ~~distribution of any other pari-mutuel pools.~~

6 ~~—— (a) In the twin trifecta, the bettor selects the three (3) horses that will finish first, second~~
7 ~~and third in each of the two (2) designated twin trifecta races in the exact order as officially~~
8 ~~posted.~~

9 ~~—— (b) Twin trifecta tickets shall be sold and exchanged only from the association's ticket-~~
10 ~~issuing machines.~~

11 ~~—— (c) Twin trifecta wagers shall be made only in denominations of three (3) dollars.~~

12 ~~—— (d) Each bettor purchasing twin trifecta tickets shall designate three (3) selections as the~~
13 ~~first three (3) horses to finish in that order in the first race of the designated two (2) twin trifecta~~
14 ~~races.~~

15 ~~—— (e) After the wagering closes for the first half of the twin trifecta, the commissions will be~~
16 ~~deducted from the pool in accordance with the laws of the state of Kentucky. The remaining pool~~
17 ~~will then be divided into two (2) separate pools of equal amounts.~~

18 ~~—— (f) The money in the first part of the divided pool will be distributed to the holders of the~~
19 ~~twin trifecta tickets selecting the first three (3) horses, in order, on the first designated twin~~
20 ~~trifecta race, in accordance with the established pari-mutuel practice. The term "first part of~~
21 ~~divided pool" shall mean one-half (1/2) of the net distributable pool of the total money wagered~~

1 in the twin trifecta on the current program only and, specifically excluded therefrom shall be any
2 carry-over of any special cumulative second race twin trifecta pool from any previous program.

3 ——— (g) The second part of the divided pool will be placed in a separate pool to be distributed
4 to holders of "second half" twin trifecta tickets selecting the first three (3) horses, in order, on the
5 second designated twin trifecta race, in accordance with the established pari-mutuel practice.

6 ——— (h) In the first half of the twin trifecta only, if there is a failure to select, in exact order, the
7 first three (3) horses, payoffs and exchanges shall be made on twin trifecta tickets selecting in the
8 following order of priority:

9 ——— 1. The first two (2) horses in exact order, if no such ticket is outstanding, then;

10 ——— 2. The first horse, and any such ticket within the applicable above order of priority shall be
11 deemed a winning ticket entitling the holder thereof to an exchange ticket, in addition to the
12 usual payoff for first half winners;

13 ——— 3. Failure to select winner to win, regardless of the selection of the exact order of the
14 second and/or third horse shall cause a refund to all twin trifecta tickets.

15 ——— (i) After the official declaration of the first three (3) horses to finish in the first race of the
16 twin trifecta, each bettor holding a winning ticket must, prior to the running of the second twin
17 trifecta race, exchange such winning ticket for both the monetary value established by the
18 association's mutuel department and a twin trifecta "exchange" ticket and at such time shall
19 select the three (3) horses to finish in the second race of the twin trifecta in exact order as
20 officially posted. No further money shall be required of the holders of the winning ticket in order
21 to make the exchange. Each association conducting the twin trifecta shall designate all windows
22 to be used as "exchange" windows except when the first half payoff is \$900 or more in winnings

~~(if such winnings are at least 300 times the amount of the single wager). In this case, valid exchange tickets will be exchanged only at all windows designated IRS windows.~~

~~—— (j) No twin trifecta exchange ticket upon the second race of the twin trifecta shall be issued except upon surrender of the winning twin trifecta ticket from the first race of the twin trifecta as described in this administrative regulation. Windows for the purpose of cashing and exchanging twin trifecta tickets shall be open only after the first race of the twin trifecta has been declared official and windows shall close when wagering closes for the race designated as the second half of the twin trifecta. Not more than one (1) race shall elapse between the race designated the first half of the twin trifecta and the race designated as the second half of the twin trifecta.~~

~~—— (k) If a winning twin trifecta ticket from the first race is not presented for cashing and exchange with the time provided, the bettor may still collect the monetary value attached to the ticket but forfeits all rights to any distribution of the second race twin trifecta pool and the carry-over jackpot.~~

~~—— (l) If a horse is scratched from the first race of the twin trifecta, all twin trifecta tickets on the scratched horse will be refunded. If a horse is scratched from the second race of the twin trifecta, public address announcements will be made and reasonable time will be given for exchange of tickets on the scratched horse.~~

~~—— (m) In the event of a dead heat in either the first or second half of the twin trifecta, all twin trifecta tickets selecting the correct order of finish counting a horse in a dead heat as finishing in any position dead heated shall be winning tickets. In the case of the dead heat occurring in the first half, the payoff shall be calculated as a win pool. In the case of the dead heat~~

1 occurring in the second half, contrary to the usual pari-mutuel practice, the aggregate number of
2 winning tickets shall be divided into the net pool and be paid the same payoff price.

3 ~~—— (n) In the event there is no twin trifecta ticket issued accurately selecting the officially~~
4 ~~declared first three (3) finishers of the second race, pool, as divided earlier, shall be held for the~~
5 ~~next consecutive program and combined with that program's second race twin trifecta pool. This~~
6 ~~sum shall be termed the "carry-over jackpot." Distribution of the special cumulative second race~~
7 ~~twin trifecta pool shall be made only upon the accurate selection, in exact order, of the first three~~
8 ~~(3) officially declared finishers of the second twin trifecta race except on the closing program of~~
9 ~~the meeting (see paragraph (p) of this subsection).~~

10 ~~—— (o) If for any reason the second half of the twin trifecta is not declared "official," the~~
11 ~~winning ticket holders who have cashed their tickets on the first half and have received an~~
12 ~~exchange ticket will be entitled to the remaining amount of the current program's divided pool.~~

13 ~~—— (p) On the closing program of the meeting, the current carry-over jackpot, if any, plus the~~
14 ~~second half pool for that program will be combined and distributed in the following manner:~~

15 ~~—— 1. The total twin trifecta pool shall be distributed to the holders of twin trifecta exchange~~
16 ~~tickets showing the first three (3) horses to finish, in exact order.~~

17 ~~—— 2. If there are no twin trifecta exchange tickets showing the first three (3) horses, in the~~
18 ~~exact order, the payoff will be made on twin trifecta exchange tickets selecting the first two (2)~~
19 ~~horses in exact order. If no such ticket is outstanding, then;~~

20 ~~—— 3. The first horse, and any such ticket within the applicable above order of priority shall be~~
21 ~~deemed a winning ticket entitling the holder to the total twin trifecta pool.~~

1 ~~4. If there are no valid exchange ticket holders, the total twin trifecta pool will be~~
2 ~~distributed to the holders of first half tickets selecting the first two (2) horses in the exact order.~~

3 ~~5. If there are no first half twin trifecta tickets showing the first two (2) horses, the total~~
4 ~~twin trifecta pool shall be distributed to the holders of first half tickets selecting the horse of the~~
5 ~~first half of the twin trifecta.~~

6 ~~6. If no such ticket is sold that would require the distribution of the net pools as described~~
7 ~~above, the association shall equally distribute the total twin trifecta pool to all first half ticket~~
8 ~~holders.~~

9 ~~(c) Sales of twin trifecta tickets other than from the association's ticket issuing machines~~
10 ~~or from one (1) individual to another shall be deemed illegal. Exchange tickets shall be~~
11 ~~nontransferable. Persons involved in the unauthorized transfer of exchange tickets shall be~~
12 ~~ejected.~~

13 ~~(9) Refunds.~~

14 ~~(a) If after win, place, or show wagering has commenced, a horse not coupled with~~
15 ~~another as a betting interest is excused by the stewards or is prevented from racing because of~~
16 ~~failure of the starting gate door to open properly, the wagers on such horse shall be deducted~~
17 ~~from the win, place, and show pools, as the case may be, and refunded upon presentation and~~
18 ~~surrender thereof. If more than one (1) horse represents a single betting interest by reason of~~
19 ~~coupling as a mutuel entry or mutuel field, such single betting interest being the sole subject of a~~
20 ~~wager or part of a combination in a daily double, exacta or quinella or trifecta wager, then there~~
21 ~~shall be no refund unless all of the horses representing such single betting interest are excused by~~

1 the stewards and/or are prevented from racing because of failure of the starting gate doors to
2 open properly.

3 ~~—— (b) If after exacta and, quinella and trifecta wagering has commenced, a horse not~~
4 ~~coupled with another as a betting interest is excused by the stewards or is prevented from racing~~
5 ~~because of failure of the starting gate to open properly, then exacta and, quinella and trifecta~~
6 ~~wagers combining such horse with any other horse or betting interest shall be deducted from the~~
7 ~~exacta and, quinella and trifecta pool and refunded upon presentation and surrender of exacta~~
8 ~~and, quinella and trifecta quinella tickets thereon.~~

9 ~~—— (10) Race cancelled. If for any reason a race is cancelled or declared "no race" by the~~
10 ~~stewards after wagering has commenced on such race, then all wagering thereon shall be~~
11 ~~refunded upon presentation and surrender of pari-mutuel tickets thereon; except as to daily~~
12 ~~double wagers upon cancellation of the second daily double race, which shall be distributed as~~
13 ~~provided under subsection (4)(h) of this section.~~

14 ~~—— (11) Totalizator breakdown. In the event of an irreparable breakdown of the totalizator~~
15 ~~during the wagering on a race, the wagering on that race shall be declared closed and the payoff~~
16 ~~shall be computed on the sums wagered in each pool up to the time of the breakdown.~~

17 ~~—— Section 5. Minimum Wager and Payoff. The minimum wager to be accepted by any~~
18 ~~licensed association shall be two (2) dollars. The minimum payoff on a two (2) dollar wager shall~~
19 ~~be two (2) dollars and twenty (20) cents. In the event of a minus pool, the minimum payoff on~~
20 ~~each one (1) dollar wager shall be one (1) dollar and five (5) cents.~~

21 ~~—— Section 6. Minors Prohibited from Wagering. No minor shall be permitted by any licensed~~
22 ~~association to purchase or cash a pari-mutuel ticket.~~

~~Section 7. Odds or Payoffs Posted. Approximate odds, based on win pool betting for finishing first for each betting interest, shall be posted on one (1) or more boards or television screens within view of the wagering public, at intervals of not more than ninety (90) seconds. If daily double wagering is conducted, before off time of the second daily double race, the possible payoff for each two (2) dollar daily double wager combining the winner of the first daily double race with every horse or betting interest in the second daily double race; excepting that, in the event of a dead heat for first in the first daily double race, or a scheduled starter in the second daily double race is excused so as to cause a consolation daily double pool, then posting of all possible payoffs shall not be mandatory, but the association shall make every effort to compute such daily double prices and advise the public of same by posting or public address announcement as soon as possible and prior to the running of the second daily double race.~~

~~Section 8. Betting Explanation. Each association shall cause to be published in the daily race program a general explanation of pari-mutuel betting and an explanation of each type of betting pool offered; such explanation also shall be posted in conspicuous places about the association grounds so as to adequately inform the public. Such explanation shall be submitted to the state steward prior to publication so as to insure an absence of conflict with these rules.~~

~~Section 9. Prior Approval Required for Betting Pools. Each association desiring to conduct more than nine (9) betting races on a single day, or desiring to offer daily double, exacta or quinella wagering, shall first apply therefor in writing to the commission and obtain specific approval as to number of betting races and type of wagering to be offered on a single day.~~

~~Section 10. Pools Dependent upon Entries. (1) Unless the commission approves a prior written request from the association to alter wagering opportunities for a specific race, each~~

association shall offer win, place, and show wagering on all programmed races involving six (6) or more betting interests.

~~—— (2) If horses representing five (5) or fewer betting interests qualify to start in a race, then the association may prohibit show wagering on that race; if horses representing four (4) or fewer betting interests qualify to start in a race, then the association may prohibit both place and show wagering on that race.~~

~~—— (3) If, by reason of a horse being excused by the stewards after wagering has commenced or a horse is prevented from racing because of failure of a starting gate door to open properly, the number of actual starters representing different betting interests is:~~

~~—— (a) Reduced to five (5), then the association may cancel show wagering on that race and the entire show pool shall be refunded upon presentation and surrender of show tickets thereon;~~

~~—— (b) Reduced to four (4) or fewer, then the association may cancel both place and show wagering on that race and the entire place pool and show pool shall be refunded upon presentation and surrender of such place and show tickets thereon.~~

~~—— Section 11. Pari-mutuel Ticket Sales. (1) No pari-mutuel tickets shall be sold except by the association conducting the races on which such wagers are made. No pari-mutuel ticket may be sold after the totalizator has been locked and no association shall be responsible for ticket sales entered into but not completed by issuance of a ticket before the totalizator has been locked.~~

~~—— (2) Any claim by a person that he has been issued a ticket other than that which he requested, must be made before such person leaves the seller window and before the totalizator is locked.~~

1 ~~—— (3) After purchasing a ticket and after leaving a ticket window, a person shall not be~~
2 ~~entitled to enter for issuance an incorrect ticket, or claim refund or payment for tickets discarded,~~
3 ~~or lost, or destroyed, or mutilated beyond identification.~~

4 ~~—— (4) Payment on valid pari-mutuel tickets shall be made only upon presentation and~~
5 ~~surrender thereof to the association where such wager was made within two (2) years following~~
6 ~~the running of the race on which such wager was made. Failure to present any such ticket within~~
7 ~~two (2) years shall constitute a waiver of the right to receive payment thereon.~~

8 ~~—— (5) Payment of valid pari-mutuel tickets shall be made on the basis of the order of finish as~~
9 ~~purposely posted on the infield results board and declared "official" by the stewards; any~~
10 ~~subsequent change in such order of finish or award of purse money as may result from a~~
11 ~~subsequent ruling by the stewards or commission, shall in no way affect the pari-mutuel payoff.~~

12 ~~—— (6) The association shall be responsible for the correctness of all payoff prices posted as~~
13 ~~"official" on the infield results board. If an error is made in posting the payoff figures on the public~~
14 ~~board, and ascertained before any tickets are cashed thereon, then such posting error may be~~
15 ~~corrected accompanied by a public address announcement, and only the correct amounts shall~~
16 ~~be used in the payoff, irrespective of the initial error on the public board.~~

17 ~~—— (7) Prior to posting payoffs, the pari-mutuel manager shall require each of the computer~~
18 ~~printout sheets (calculating sheets) of such race to be proven by the computer (calculator) and~~
19 ~~the winners verified. Such proof shall show the amounts for commission, breakage, and payoffs,~~
20 ~~which added together shall equal the total pool. All pay slips are to be checked with computer~~
21 ~~printout sheets (calculating sheets) as to winners and prices before being issued to cashiers, and~~

1 all board prices are to be rechecked with the computer printout sheet (calculator) before
2 released to the public.

3 ~~—— (8) Whenever the recapitulation of the sales registered by each ticket issuing machine~~
4 ~~subsequently proves that the actual amount in the pool or pools, is less than the amount used in~~
5 ~~calculating the payoff, such deficiency shall be deposited in the pool or pools by the association.~~
6 ~~Should the recapitulation of sales prove that the actual amount in the pool or pools is greater~~
7 ~~than the amount used in calculating the payoff due to a mechanical error of the totalizator such~~
8 ~~error resulting in underpayment to the public, then the aggregate of such underpayments shall be~~
9 ~~paid into the corresponding pool of the next race or races, in such amounts as may be~~
10 ~~determined by the state steward and the pari-mutuel manager. If any such error should occur in~~
11 ~~computing the daily double pool, the underpayment shall be added to the daily double pool of~~
12 ~~the following day. Overpayments and underpayments subsequently discovered upon~~
13 ~~recapitulation after the close of a meeting may be adjusted, and any underpayment resulting~~
14 ~~from such final adjustment shall be paid to the Department of Revenue.~~

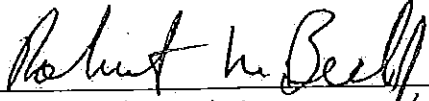
15 ~~—— Section 12. Betting Interests Involving more than One (1) Horse. When two (2) or more~~
16 ~~horses entered for the same race are determined by the stewards to have common ties through~~
17 ~~ownership or training and are joined by the stewards as a "mutuel entry," such mutuel entry shall~~
18 ~~become a single betting interest and a wager on one (1) horse in a mutuel entry shall be a wager~~
19 ~~on all horses in the same mutuel entry. When the number of horses competing in a race exceeds~~
20 ~~the numbering capacity of the totalizator, the racing secretary shall assign the highest pari-mutuel~~
21 ~~numbers to horses so that the highest numbered horse within the numbering capacity of the~~
22 ~~totalizator, together with horses of higher numbers, shall be grouped in the "mutuel field" as a~~

1 ~~single betting interest, and a wager on one (1) horse in the mutuel field shall be a wager on all~~
2 ~~horses in the same mutuel field.~~

3 ~~—— Section 13. Emergency Situations. In the event any emergency arises in connection with~~
4 ~~the operation of the pari-mutuel department not provided for by these rules, then the pari-~~
5 ~~mutuel manager shall make an immediate decision and render a full report to the commission.]~~

6 (Recodified from 812 KAR 1:060, 6-10-87; Am. 14 Ky.R. 1533; eff. 2-8-88; 1676; eff. 3-10-88.)

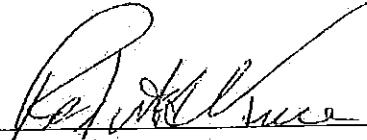
READ AND APPROVED:



Robert M. Beck, Jr., Chairman
Kentucky Horse Racing Commission

7-20-10

Date



Robert D. Vance, Secretary
Public Protection Cabinet

July 20, 2010

Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on September 29, 2010 at 10:00 a.m., in the clubhouse of The Red Mile, 1200 Red Mile Rd., Lexington, Kentucky 40504-2652. Individuals Interested in being heard at this hearing shall notify the Kentucky Horse Racing Commission in writing by September 22, 2010, five working days prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until September 30, 2010. Please send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person below.

CONTACT PERSON: Timothy A. West
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Kentucky Horse Racing Commission
4063 Iron Works Parkway, Building B
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REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Timothy A. West, Assistant General Counsel, Kentucky Horse Racing Commission
Phone (859) 246-2040

(I) Provide a brief summary of:

(a) What this administrative regulation does: *This regulation establishes the regulatory framework that applies to all pari-mutuel wagering on live and historical horse races in the Commonwealth. It authorizes pari-mutuel wagering on historical horse races and requires the use of seed pools for such wagers. It establishes where, and under what circumstances, pari-mutuel wagering on live and historical horse races may take place. It places requirements on how winning pari-mutuel wagers shall be paid. It requires associations to maintain records regarding all pari-mutuel wagering at their facilities and to make them available to the commission on request. It establishes guidelines for the equipment used by the association to offer pari-mutuel wagering and provides requirements for the sale of pari-mutuel tickets. It establishes minimum wagers and payouts for pari-mutuel wagers on live and historical horse races.*

(b) The necessity of this administrative regulation: *This regulation is necessary for the commission to regulate the integrity of pari-mutuel wagering in the Commonwealth.*

(c) How this administrative regulation conforms to the content of the authorizing statutes: *KRS 230.215(2) grants the commission the authority to regulate conditions under which quarter horse, appaloosa and arabian racing and pari-mutuel wagering thereon shall be conducted in Kentucky. KRS 230.361(1) requires the commission to promulgate administrative regulations governing and regulating mutuel wagering on horse races under the pari-mutuel system of wagering. This regulation establishes the regulatory framework that applies to all pari-mutuel wagering on live and historical horse races in the Commonwealth.*

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: *KRS 230.215(2) grants the commission the authority to regulate conditions under which quarter horse, appaloosa and arabian racing and pari-mutuel wagering*

thereon shall be conducted in the Commonwealth. This regulation provides the specific rules for pari-mutuel wagering on live and historical horse races in the Commonwealth.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: *The existing regulation required updating to address certain innovations in pari-mutuel wagering. This amendment takes those innovations into account and incorporates them into the commission's regulatory framework. The amendment also addresses certain inconsistencies between the pari-mutuel regulations that govern thoroughbred, standardbred, and quarter horse/appaloosa/arabian racing (810 KAR 1:011, 811 KAR 1:125, and 811 KAR 2:060 respectively). To the extent possible, the amendment brings uniformity to the rules governing pari-mutuel wagering for the various breeds.*

(b) The necessity of the amendment to this administrative regulation: *This amendment is necessary to address innovations in the way pari-mutuel wagering is offered and to bring uniformity among pari-mutuel wagering for thoroughbred, standardbred, and quarter horse/appaloosa/arabian racing. The amendment is also necessary to establish guidelines governing pari-mutuel wagering on historical horse races.*

(c) How the amendment conforms to the content of the authorizing statutes: *KRS 230.215(2) grants the commission the authority to regulate conditions under which horse racing and pari-mutuel wagering thereon shall be conducted in the Commonwealth. KRS 230.361(1) requires the commission to promulgate administrative regulations governing and regulating mutuel wagering on horse races under the pari-mutuel system of wagering. This amendment sets forth the requirements that apply to all pari-mutuel wagering on live and historical horse races in the Commonwealth.*

(d) How the amendment will assist in the effective administration of the statutes: *KRS 230.215(2) grants the commission the authority to regulate conditions under which quarter horse, appaloosa and arabian racing and pari-mutuel wagering thereon shall be conducted in the Commonwealth. This amendment provides the specific rules for pari-mutuel wagering on live and historical horse races in the Commonwealth.*

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: *This administrative regulation will affect the eight currently-licensed racing associations in the Commonwealth, any applicant for the final racing association license, the owners and trainers who participate in racing in the Commonwealth, the jockeys who ride in the Commonwealth, the patrons who place pari-mutuel wagers on live and historical horse races in the Commonwealth, and the commission.*

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: *The licensed racing associations will be required to follow the procedure outlined in the regulation to offer any exotic wager that has not been previously approved by the commission. If an association requests and is granted permission by the commission to offer pari-mutuel wagering on historical horse races, then the association will be required to conduct such pari-mutuel wagering in a designated area (as defined in 811 KAR 2:010). The associations that offer pari-mutuel wagering on historical horse races will also be required to enter into an agreement with the Kentucky Quarter Horse Racing Association, or the Arabian Jockey Club, or a horsemen's organization representing the appaloosa breed regarding the allocation of the takeout between the association and the horsemen and file a memorandum with the commission outlining the terms of the agreement.*

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): *If an association requests and receives permission to offer pari-mutuel wagering on historical horse races, then the association will incur costs constructing or renovating a designated area (as defined in 811 KAR 2:010) to house the terminals. An association will also incur costs purchasing or leasing commission-approved terminals and hiring additional employees to staff the designated area and maintain the terminals. Any association offering pari-mutuel wagering on historical horse races will also be*

required to reimburse the commission pursuant to KRS 230.240 to cover the commission's increased regulatory costs relating to compensation of additional personnel and other expenses.

The total increase in the commission's regulatory costs will be based upon the number of associations that offer pari-mutuel wagering on historical horse races and the number of terminals at each association. The increased costs will likely include the addition of new employees and equipment.

There will be no additional costs to owners, trainers, jockeys, or patrons placing pari-mutuel wagers.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The associations will be able to offer increased pari-mutuel wagering options to patrons and can expect an increase in on-track attendance and total pari-mutuel handle. The increased revenue can be used to maintain and improve racing association facilities and supplement purses for live races run at each association. The increased purses will help the associations to compete with racing associations in neighboring states that offer expanded gaming options.

The owners, trainers, and jockeys will benefit from increased purses, as well as any improvements to an association's facilities.

The patrons will benefit from any improvements to an association's facilities as well as from increased pari-mutuel wagering options.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: See answer to question 4(b).

(b) On a continuing basis: With respect to pari-mutuel wagering on historical horse races, the commission anticipates that the first year such wagering is offered will see the greatest increase in regulatory costs. Thereafter, the commission expects the continuing costs to be mainly for employee compensation and expenses and equipment maintenance. The commission will be reimbursed by the associations for additional employee compensation and other expenses pursuant to KRS 230.240.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: *The commission will be reimbursed by the associations for additional employee compensation and other expenses pursuant to KRS 230.240.*

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: *The associations that request and receive permission to offer pari-mutuel wagering on historical horse races will be required to reimburse the commission for the cost of compensation of additional employees and other expenses pursuant to KRS 230.240.*

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: *The associations that request and receive permission to offer pari-mutuel wagering on historical horse races will be required to reimburse the commission for the cost of compensation of additional employees and expenses pursuant to KRS 230.240.*

(9) TIERING: Is tiering applied? (Explain why or why not) *Tiering is not applied. All aspects of this regulation will be applied equally to each association.*

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation No. 811 KAR 2:060

Contact Person: Timothy A. West
(859) 246-2040

1. Does this administrative regulation relate to any program, service, or requirements of a state or local government (including cities, counties, fire departments, or school districts)?

Yes X No

If yes, complete questions 2-4.

2. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? *The Kentucky Horse Racing Commission and the Department of Revenue.*

3. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. *KRS 230.215, 230.240, 230.260, 230.280, 230.290, 230.300, 230.310, 230.320, 230.361, 230.370.*

4. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. *The commission anticipates that its regulatory costs will increase based upon the associations offering pari-mutuel wagering on historical horse races. The increased costs will likely include the addition of new employees and equipment. The total increase will be based upon the number of associations that offer pari-mutuel wagering on historical horse races and the number of terminals at each association. The associations that offer pari-mutuel wagering on historical horse races will be required to reimburse the commission the costs associated with compensation of employees and other expenses pursuant to KRS 230.240. The Department of Revenue may have an increase in collection duties, but they are minimal and can be absorbed by the Department.*

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? *The amount of tax revenue generated is dependent upon the number of terminals the associations install and operate. While that number is unknown at this time, it is estimated that annual tax revenue will be somewhat less than \$1,000 per terminal.*

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? *Based upon the experience of Oaklawn Park, the commission anticipates that revenue will more than double from the first to the second year, and more than triple from the second to the third year.*

(c) How much will it cost to administer this program for the first year? *The increased regulatory costs of the commission will be based upon the number of associations that offer pari-mutuel wagering on historical horse races and the number of terminals installed at each association.*

(d) How much will it cost to administer this program for subsequent years? *In subsequent years, the commission anticipates the costs largely to come from employee compensation and expenses and equipment maintenance. The commission will be reimbursed for these costs by the associations.*

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation: